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REGIONAL

**SIRWASH: SUSTAINABLE AND INNOVATIVE RURAL WATER, SANITATION
AND HYGIENE FACILITY**

(RG-O1691, RG-T3712)

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SIRWASH – Sustainable and Innovative Rural, Water, Sanitation and Hygiene Facility

I. Basic Information

▪ Country/Region:	Regional
▪ Operation Name:	SIRWASH – Sustainable and Innovative Rural Water, Sanitation and Hygiene Facility
▪ Operation Number:	RG-O1691 and RG-T3712
▪ Team Leader/Members:	Kleber Machado, Team Leader; Celia Bedoya del Olmo and Cristina Mecerreyes Espinosa, Alternate Team Leaders, Cesarina Quintana Garcia de Paredes, Sergio Perez Monforte, Tania Paez Rubio, Gustavo Mendez Torrico, Laura Marcela Vargas Lopez, Tiago Pena Pereira, Maria Eugenia de la Peña, Marcello Basani, Raul Munoz Castillo, German Sturzenegger, Juan Alfredo Rihm Silva, Lucio Javier Garcia Merino, and Liliana M. Lopez (INE/WSA); Heleno Barbosa Taves de Gouvea, Isabela Mourino Aoun (ORP/REM), Claudia Oglialoro and David Alejandro Isabel Williamson (ORP/GCM); and Maria del Pilar Jimenez de Arechaga (LEG/SGO).
▪ Beneficiary:	Inter-American Development Bank (IDB) Borrowing Member Countries
▪ Executing Agency	The Inter-American Development Bank will administer the Facility, and the sub-technical cooperation activities will be executed by the Bank or eligible third parties.
▪ Donors providing funding:	The Government of Switzerland, through the Swiss Agency for Development and Cooperation (SDC)
▪ IDB Funding Requested:	US\$4,500,000 ¹
▪ Local counterpart funding, if any:	US\$136,050 ²
▪ Disbursement period:	54 months
▪ Execution period:	48 months
▪ Prepared by Unit:	INE/WSA-Water and Sanitation Division
▪ Unit of Disbursement Responsibility:	INE/WSA- Water and Sanitation Division
▪ Alignment with the Second Update of the Institutional Strategy 2020-2023:	Productivity and Innovation; Social Inclusion and Equality; Climate Change and Environmental Sustainability; Equality, Diversity and Inclusion; Institutional Capacity and the Rule of Law.

II. Objective and Justification

- 2.1 **The 2030 Agenda for Sustainable Development** commits all countries to take steps to ‘shift the world onto a sustainable and resilient path’, ‘realize human rights for all’, ‘end poverty in all its forms’, and ‘ensure no one is left behind.’³ Sustainable Development Goal (SDG) 6 aims to ensure availability and sustainable management of water and sanitation for all. SDG 6 builds upon the Human Rights to Water and Sanitation (HRWS).⁴ Providing

¹ These funds will be administered by the IDB through a Project-Specific Grant (PSG). It is expected that SDC will contribute US\$4,500,000. This PSG will be administered by the IDB pursuant to document SC-114. In accordance with that document, the commitment of SDC for the PSG will be established through a separate Administrative Agreement.

² This includes the estimation of the local in-kind counterpart from governments’ staff allocated to the project. This is calculated for each activity in each country as 5% of the total cost of the action in the country, totaling US\$136,050 as expected local counterpart.

³ Progress on household drinking water, sanitation, and hygiene 2000-2017. Special focus on inequalities. New York: UNICEF and WHO, 2019.

⁴ On July 28, 2010, the General Assembly of the United Nations adopted Resolution 64/292, in which it "Recognizes that the right to safe drinking water and sanitation is an essential human right for the full enjoyment of life and all human rights".

services to all, means being able to offer quality services to those who do not have it and implementing strategies to close existing gaps, so that disadvantaged groups benefit from faster progress to achieve universal access. Latin America and the Caribbean is amongst the most urbanized regions in the world, nonetheless, more than 126 million people still live in rural areas.⁵ Rural areas are commonly defined as those communities with a population of below 2,000 people, but this definition varies significantly across countries.⁶ Some countries take a multi-sectoral approach including socio-economic and geographical aspects on top of the number of people, such as the dispersity of the population and the distance to urban centers. Considering these other parameters, it is estimated that the rural population in LAC could double up to more than 42% of the population.⁷ The largest segment of the world's poor is the women, children, and men who live in these rural environments. Rural areas of LAC have the highest levels of vulnerability and poverty, with more than 59 million of people living in poverty and 27 million of people living in extreme poverty.⁸ Rural areas concentrate, together with peri-urban areas, the population with higher indices of Unsatisfied Basic Needs (UBN),⁹ lower coverage of health services and a predominant aging population, with a much higher presence of older adults in the urban areas, and families formed by adults and children by the phenomenon of migration.¹⁰

- 2.2 Rural areas are also the areas with lower coverage of public services. Overall, inequalities in access to water and sanitation (WSA) services in LAC have decreased in recent decades, with most countries increasing rural coverage,¹¹ but gaps are still significant. In 2017, 99.0% of people in urban areas had access to at least basic drinking water services in LAC, compared to just 87.8% of people in rural areas. The gap is greater for sanitation, with access levels to at least basic services of 91.5% and 69.5% for urban and rural areas, respectively. These levels of coverage translate to around 16 million rural inhabitants in LAC who do not have access to at least basic water service, and 38 million who do not have access to adequate sanitation services that are basic or safely managed. According to national population censuses, there is a gap of 70 points in access to sanitation services between rural and urban areas in Peru, of 55 points in Brazil and 53 of points in Bolivia.^{12,13} Although there is no robust data that differentiate between the concentrated rural and dispersed rural areas, several studies indicate that service levels in dispersed communities are lower than those for concentrated rural communities, and the provision of the service, including post-construction support, in general, is more expensive.¹⁴
- 2.3 Moreover, access statistics are often misleading because the definition of access is often far from the minimum standards needed for an acceptable quality of life.¹⁵ When considering the **quality/level of water and sanitation services**, gaps increase dramatically. While 87.8% percent of rural dwellers have access to improved water services, this percentage

⁵ Joint Monitoring Program, 2017.

⁶ Brazil is a special case in which rural areas are defined as those with less than 50,000 inhabitants.

⁷ Agua Potable y Saneamiento en la nueva ruralidad en América Latina, CAF, 2016.

⁸ [Panorama of Rural Poverty in Latin America and the Caribbean](#), 2018, FAO.

⁹ The NBI index encompasses aspects of habitability, health services, education, and income.

¹⁰ Envejecimiento en el Siglo XXI UNFPA

https://www.unfpa.org/sites/default/files/pub-pdf/Ageing%20Report%20Executive%20Summary%20SPANISH%20Final_0.pdf

¹¹ Progress on household drinking water, sanitation, and hygiene 2000-2017. Special focus on inequalities. New York: UNICEF and WHO, 2019.

¹² The Pluri-national State of Bolivia will be named Bolivia throughout the document.

¹³ According to an analysis from Leo Heller, HRWS Special Rapporteur on the human rights to safe drinking water and sanitation, LatinoSan 2019.

¹⁴ Agua Potable y Saneamiento en la nueva ruralidad en América Latina, CAF, 2016.

¹⁵ Cavallo, et.al, (2020). IDB. "From Structures to Services: The Path to Better Infrastructure in Latin America and the Caribbean". Moving the threshold from, for example, piped water anywhere to piped water on household premises implies a significant drop in access rates. The situation in rural areas is significantly worse than in urban areas, across access definitions (pp. 83).

decreases to 80% when considering access inside the households; it decreases further to 65% when considering availability of water when needed; and drops sharply to 42% of rural dwellers when considering safe water quality free of contamination. For access to sanitation services, the gaps are even more pronounced. While 70% of rural dwellers have access to improved sanitation services that are not shared, the percentage of rural dwellers with access to safely managed sanitation service drops to only 8% of rural dwellers. Services, beyond households, must also be in place to ensure WSA access when studying or working. 30% of rural schools do not have a drinking water service and only 65% have a basic sanitation system and there is a general lack of hand washing facilities with soap.¹⁶ Open Defecation (OD) is still a problem in LAC, with more than 15 million people practicing it and 75% of those are living in rural areas. Brazil, Haiti, and Peru are the countries with the most population practicing open OD with more than 2 million people each.

- 2.4 In the most unequal region of the world, it is no surprise to find strong inequalities in access to WSA services based on wealth. In most countries, there is a significant disparity between the access of the richest quintile and that of the poorest. Regionally, drinking water coverage is 13% higher in households in the highest income quintile compared to those in the lowest income quintile. In sanitation, the difference reaches almost 26%. It is estimated that 70% of households that do not have access to water service, and 85% that do not have access to sanitation, belong to the first two quintiles of the income distribution, the poorest and most vulnerable. Indigenous groups have less access to improved drinking water services, and especially to improved sanitation services. Brazil and Bolivia report a difference of 31 and 19 percentual points in sanitation access for indigenous populations, who mostly live in rural and hard to reach areas.
- 2.5 The lag in WSA services provision coverage and quality, in rural areas compared to urban areas, and its evolution in recent years, can be explained given the perceived complexities of investing in rural areas driven by their specific context, particularities and cultural diversity of LAC's rural communities. Rural areas may have low household concentration, great dispersion, hard to reach access, predominantly low socioeconomic level of the rural population, cultural diversity, limited presence of institutions, low offer of services and markets, lower technical capacities of operators and local governments, and greater vulnerability to the impacts of climate change. These challenges may increase the unit costs of investments, limit the use of certain conventional technologies and they also may hinder the technical assistance to service providers to ensure the sustainability of systems, among others. In this context, national and subnational governments may be reluctant to make large investments in rural areas, somehow associated with "less sustainability and with less impact". The rural WSA sector faces a paradigm regarding investments in rural WSA projects, an area perceived as "more complicated", or "more expensive", and where even the effectiveness and sustainability of the interventions are still a miss proposition. Due to this perception, investments required to overcome the gap and adequately plan the sustainability of rural services are not prioritized at the political level, which definitely deepens the gaps and delays the realization of the rights to water and sanitation for the most vulnerable population.
- 2.6 **Key challenges in the enabling environment for delivering quality and sustainable rural water and sanitation quality services in LAC** are: (i) insufficient sector financing; (ii) lack of specific sector policy and normative for rural services; (iii) unclear institutional arrangements; (iv) limited local capacities and resources; (v) low service appropriation by the users; (vi) weak planning and monitoring and evaluation mechanism; (vi) lack of differentiated intervention and management models for rural communities and rural disperse

¹⁶ Joint Monitoring Program, 2017.

areas; (vii) lack of integral and multi-sectorial approach; and (viii) the increased competition for the water resources, the effects of climate change, and the increase in pollution in water bodies. In addition, sustainability is one key aspect of rural services that needs to be addressed to ensure services for everyone that last to leave no one behind.^{17,18} Women are underrepresented in technical and executive positions in water and sanitation service providers, despite being important users and decision-makers on household water use.¹⁹ In LAC, women represent only 19.7% of the workforce in the water and sanitation sector.²⁰ This low participation is due to the lack of opportunities for training, harassment in the workplace, lack of equipment and friendly environments, and the difficulty and barriers to combine motherhood with work. Lowering these barriers would help capture and retain talented female workforce, which would result on better services given the numerous benefits that female inclusion brings, such as better financial performance, more innovation, better service delivery and better business management, among others.²¹ At the same time, mainly women are responsible for the collection, transport and management of water in the home. Globally, it is estimated that women and girls are responsible for 72% of the collection of water for domestic use.²² Women spend a total of 125 million hours a day collecting water in containers that weigh up to 20 kg.²³ Closing the gaps in access to WASH have important impacts on the lives of women and girls, since it frees the time they dedicate to these tasks to carry out other activities, such as income-generating activities²⁴ or attending school.²⁵

- 2.7 **COVID-19 pandemic.** The water, sanitation, hygiene, and solid waste sector is critical for preventing the spread of the novel COVID-19 and other infectious diseases, such as dengue and yellow fever, with hygiene and handwashing being a key aspect that has been barely monitored. A dramatic number of households is believed to lack access to hygiene facilities in the region: 41% of the rural LAC population lacks access to basic handwashing facilities,²⁶ which are also not present in most rural schools and health centers.²⁷ Although the low dispersion and connectivity of rural areas is serving as a retaining wall to the pandemic, the protection of the rural population against the virus must be ensured; a population already at high risk as they are an aging and poor population. It can be estimated that the economic impacts generated by the pandemic will have a direct impact on these populations already with high levels of poverty, and may generate catastrophic situations, which must be anticipated to take the appropriate measures. Several associations of rural WASH operators in the region are already calling on national governments and municipalities to take specific measures to support the rural population and services, stressing the fact that some measures taken during the pandemic are affecting the income of these providers, mostly community-based.
- 2.8 Over the past 21 years (1996-2017) the IDB has approved 37 loan operations totaling **US\$2.248 billion directed to the rural water and sanitation sector.**²⁸ The Bank is also implementing key actions directed to rural areas, through technical cooperation, pilots or special initiatives, such as the initiative *Lazos de Agua* centered on behavioral change; the

¹⁷ Challenges are further explained in the IDB's Rural WASH intervention model, 2019 (see [link](#)).

¹⁸ For regional and country challenges in rural WASH and differences with countries in the African and Central Asian regions, see [link](#).

¹⁹ Women in Water Utilities, Breaking Barriers. World Bank, 2019. <https://openknowledge.worldbank.org/handle/10986/32319>

²⁰ Tiene genero el agua? BID, 2016. <https://publications.iadb.org/es/publicacion/17521/tiene-genero-el-agua>

²¹ Women in Water Utilities, Breaking Barriers. World Bank, 2019. <https://openknowledge.worldbank.org/handle/10986/32319>

²² OMS y UNICEF, 2015

²³ Water.org (2015). Facts About Children, Women & The Safe Water Crisis. <http://water.org/water-crisis/women-children-facts/>

²⁴ OECD, 2011

²⁵ Nauges y Strand, 2013.

²⁶ Joint Monitoring Program 2019 with data of 2017.

²⁷ JMP 2020 "Progress on drinking water, sanitation and hygiene in schools: special focus on COVID-19" <https://washdata.org/monitoring/schools/regional-and-global-2018>.

²⁸ See [list of IDB's active rural WASH portfolio](#).

innovation agenda; the pilot projects directed to rural disperse communities or the support to the *Sanitation and Water for all*, a multi-stakeholder platform for WASH policy dialogue. The Swiss Agency for Development and Cooperation (SDC) has also extensive experience in rural WASH in LAC with a flagship program, **the SABA (Saneamiento Básico) model**,²⁹ launched two decades ago in Peru, which has become mainstream throughout the country. SABA is a proven model for managing WASA services in rural areas and its key components have been, over time, completely integrated into national policy.³⁰ The model started at the local level, and it was later expanded creating technical departments in the municipal authorities with the task of inspecting and advising communities and coordinating the education and health sectors. Later, the program promoted the monitoring of water quality and developed several courses in alliance with national universities. Since then, work at national level was done with a view of extending what became the SABA model as a model for sustainable development. These experiences provide extensive lessons learned and good (and bad) practices that can enhance the rural WASH programs regionally. In addition, globally, the challenges in rural areas present some common characteristics to those found in LAC, and experiences in Africa and Asia can also serve as an input to understand better rural WASH services, with multiple experiences from the Asian Development Bank (ADB) and the African Development Bank (AfDB) put into place in similar contexts with similar challenges.

- 2.9 Considering the remaining key challenges in rural WASH and particularly in its enabling environment, and also the opportunity to systematize and extract lessons learned from both the vast experience of the bank and SDC, there is a need and an opportunity to improve and enhance the framework in which the rural WASH operates, which in turn will create an enabling environment that ultimately will result in improved WASH services for the rural population in LAC. This can be done by:³¹ (i) promoting dialogue with governments and among governments and sector entities to provide greater and better attention to rural areas; (ii) supporting LAC countries to develop efficient practices that take into account more urgent needs and priorities in rural areas; (iii) strengthening the capacities of the sector entities and providing incentives to sector professionals to work at local level and dedicate efforts to the rural communities; and (iv) identifying, consolidating and scaling-up innovative approaches and strategies for rural populations, with emphasis in the SABA program and its experience in Peru and Colombia and engaging the private sector.
- 2.10 It is in this context that a Sustainable and Innovative Rural Water, Sanitation and Hygiene – SIRWASH Facility is being proposed. The Facility will respond to clients' requests and the identified needs by supporting regional and country specific technical assistance activities. To achieve its objectives, SIRWASH will finance the implementation of technical cooperation on a non-reimbursable basis, to be approved according to the applicable Bank policies (¶4.2).
- 2.11 **Objective of SIRWASH.** SIRWASH aims at improving enabling policy, innovation and knowledge exchange environments and fostering the necessary capacities to deliver sustainable quality WASH services to rural communities with a particular focus on the vulnerable and disadvantaged people. SIRWASH will impact rural communities –in particular, poor households and vulnerable people– by benefitting from improved health and livelihoods through better access to sustainable WASH services by supporting policy development and reform, institutional strengthening, local actors capacities and fostering

²⁹ See [link](#) between SIRWASH and SABA.

³⁰ SDC Global Brief, 2/2017.

³¹ In line with the new paradigm of management of water and sanitation services put forward in the [DIA 2020](#). ([Cavallo et. al., 2020](#)).

innovation.³² The associated outcomes are: (i) policy: supporting authorities from local to global levers to develop, promote and apply improved rural WASH policies; (ii) build local capacities: strengthening local and national WASH institutions and improving the capacities, expertise and networks of rural WASH actors; and (iii) innovation: supporting implementers of rural WASH services to develop, adopt and apply financial, technological and social innovations. Also, SIRWASH will focus on the sustainability of services, which is a key challenge in rural WASH.

- 2.12 The SIRWASH Facility will be financed through a donation from the Swiss Agency for Development and Cooperation (SDC). The geographic focus of SIRWASH is regional with an emphasis on four countries of Latin America and the Caribbean –Bolivia, Brazil, Haiti, and Peru. These countries have been identified due to their existing gaps in rural WASH coverage. They are also priority countries for the SDC rural WASH program, and countries where the Bank has extensive active operations directed to rural WASH. Activities in countries will be identified jointly with the government counterparts.
- 2.13 **Strategic Alignment.** This Facility is consistent with the Second Update of the Institutional Strategy 2020-2023 (AB-3190-2) and is aligned with the development challenges of: (i) *Productivity and Innovation* by having a focus on aiding in the provision of infrastructure services and adequate, safe, reliable, and affordable public services, prioritizing the use of innovative technologies for the improvement of rural conditions and the quality of infrastructure that will contribute to the economic growth; and (ii) *Social Inclusion and Equality* by supporting interventions that promote universal and sustainable access to WASH services, with a strong emphasis on vulnerable populations in the rural areas. The Facility is also aligned with the cross-cutting areas of: (i) *Climate Change and Environmental Sustainability* by seeking to strengthen the resilience of operators to the impacts of climate change by strengthening the integration of WASH and water resources management in national policies to ensure the quality and availability of water and adaptation to climate change; (ii) *Gender Equality and Diversity*, by improving technical assistance capacity directed to young rural WASH professionals and women through providing state-of-the-art training opportunities on innovative, cost-efficient technologies, innovative delivery models, O&M, sustainable financing aspects, governance and social components, prioritizing the participation of women and young people in the trainings supported by SIRWASH and also including the gender approach in the training materials; and (iii) *Institutional Capacity and the Rule of Law*, as it will finance activities to improve the management capacity of WASH operators, and sector governance.
- 2.14 The Facility is also aligned with the "Sustainable infrastructure for competitiveness and inclusive growth" strategy (GN-2710-5), in the priority areas for action to: "Promote access to infrastructure services", "Promote continuous improvements in infrastructure governance" and, "Support the construction and maintenance of environmentally and socially sustainable infrastructure"; (ii) the Sector Strategy to Support Regional and Global Competitive Integration (GN-2565-4), by contributing to the thematic area of intervention "Functional cooperation and regional public goods", by promoting interventions that seek to foster regional and extra regional cooperation practices that give added value to a national interventions in the rural sector; and (iii) to the Water and Sanitation Sector Framework Document (GN-2781-8), specifically with the dimensions of success and lines of action related to universal access and improvement of the quality of services and of social and environmental sustainability. SIRWASH is also aligned with the IDB Group Country Strategies of four countries which have been initially identified as having a special relevance

³² In line with the recommendations put forward in the [DIA 2020](#), which suggest that –even though LAC as a region has improved services– more innovation is needed to reduce costs and stimulate a leap in the quality of services, (Cavallo et al., 2020).

within SIRWASH – Bolivia, Brazil, Haiti, and Peru. In that sense, the Facility aligns with the Country Strategy with Brazil 2019-2022 (GN-2973), specifically with the strategic objective of narrowing infrastructure gap; the Country Strategy with Bolivia (2016-2020) (GN-2843) and the strategic objective of closing social gaps specifically expand water and sanitation coverage, principally in rural areas; the Country Strategy with Haiti 2017-2021 (GN-2904) which has as one of its strategic objective to widen access to water and sanitation services; and the IDB Group Country Strategy with Peru 2017-2021 (GN-2889) and its strategic objective of improving access to and quality of water and sanitation services given that the activities contemplated in this operation seek to aid in increasing coverage of sustainable, reliable and affordable WASH services in rural areas.

III. Description of activities and budget

- 3.1 The Facility will finance a set of regional and country-specific technical assistance activities organized under three components. The activities will be prioritized based on the following criteria: (i) actions target populations with the most benefit from rural WASH services; (ii) at the country level, activities are demand-based on the needs identified by the government counterparts; (iii) activities build on the key challenges as identified in the Bank's rural work, compatibility with the Bank's country strategies and with relevant national policies and strategies; and (iv) the level of engagement of local authorities with the environmental sustainability / climate resilience agenda, specially of the local water operators. Activities sponsored under the Facility must contribute to the Facility's results matrix (¶3.11), as a condition for eligibility, and the target areas described in each component.³³
- 3.2 Even when social and economic contexts are largely different, challenges for providing water and sanitation services in rural areas remain similar. South-south cooperation is a key component of SIRWASH to promote exchange and dialogue that will ultimately result in a better enabling environment and better rural WASH services. In addition, south-south cooperation will be boosted with a focus on selected countries from Africa and Central Asia, as priority areas where SDC has a strong presence in the water sector. Therefore, an alliance will be established with the Asian Development Bank (ADB) and African Development Bank (AfDB) to strategically define and coordinate the activities related to cross-continental south-south exchange, which is structured in three levels: (1) Actions to promote policy dialogue at a high level with the objective of positioning rural WASH in the political agenda, to be done in partnership with existing global networks, such as the Sanitation and Water for All (SWA); (2) Exchange of best practices through a program of in person visits and virtual exchanges including technical advisory services, directed to professionals from the countries' governmental sector entities, to be done in partnership with a global network or nonprofit with a global presence to manage the day-to-day operations of SIRWASH. Best practices will also be documented and analyzed through the elaboration of knowledge products; and (3) a capacity building program based on state-of-the-art virtual tools such as MOOCs, SPOOCs and Webinars, directed to rural WASH professionals and with a focus on young professionals and ensuring a gender balance in the participation. The AfDB and the ADB has shown great interest in joining this opportunity and collaborating with the IDB through SIRWASH to promote this cooperation and exchange among regions.
- 3.3 Beyond the coordination at regional level and globally, SIRWASH will also promote the articulation between actors at national, local and community levels. Considering the multi-sectorial nature of rural WASH, the Facility will direct efforts to increase the engagement of other sectors in all dialogue and activities, particularly with the health and

³³ Proposed activities are included in the SDC's Project Proposal Document.

education departments, an aspect even more important during the COVID-19 crisis.³⁴ SIRWASH will therefore, provide support to rural WASH services throughout the cycle of the crisis in its three foreseen phases: during the pandemic, the recovery phase and what has been called the new normality (see [link](#)). The links between rural WASH and Water Resources Management will be strengthened to increase the resilience of rural WASH, as water insecurity is a key challenge in many rural communities, further increasing the vulnerability to rural dwellers.

- 3.4 At country level, the demand to strengthen rural WASH services in these countries can be grouped into two main building blocks: (i) a first block focuses on strengthening monitoring systems for rural WASH services, by supporting the regional initiative of the LAC Observatory on Water and Sanitation (OLAS –Observatorio Latinoamericano y del Caribe de Agua y Saneamiento) and also piloting innovative monitoring platforms at country level; and (ii) a second block focuses on enhancing the management models for rural WASH services, including local governments and the rural communities through the common model of water community entities. These are identified as key challenges in the rural WASH sector in LAC and globally. Strong partnerships are in place with the rural WASH governing bodies in each of the countries for executing these activities.
- 3.5 The rural WASH sector requires a paradigm shift regarding investments in rural water and sanitation projects, an area perceived as “more complicated” or “more expensive”, and where even the effectiveness and sustainability of the interventions is still a miss proposition. Innovation can play a key role to find solutions to lower costs, to ensure social approaches result in positive impacts, and to find technologies that are adapted to the particular conditions of hard to reach communities. Demonstrative projects will be supported in key areas identified by the prioritized countries, with a preliminary set of projects identified as demanded by the governments counterparts in areas such as econ-sanitation or blockchain for microfinance in water and sanitation (see SDC Project Proposal Document for a preliminary list of identified projects). In addition, it is key to engage the private sector in these efforts, and actions will be targeted to foster partnerships with the WASH private sector.
- 3.6 To achieve its objectives, SIRWASH will finance technical assistance activities organized in four components:³⁵
- 3.7 **Component 1. Policy: Influencing rural WASH policies, including south-south exchange and by strengthening water resources management.** The main associated outcome of this component will be supporting authorities from regional and global levels to develop, promote and apply improved rural WASH policies. This component will promote a connected rural WASH sector, both geographically in LAC and globally, and with the water resources management agenda, in order to ensure water security as a key input for quality and sustainable rural WASH services. This component will support a series of studies and policy dialogue activities at regional level to: (i) establish south-south policy exchange to support the strengthening of institutional and policy dialogue influencing rural WASH performance, including monitoring aspects in alliance with the ADB and the AfDB, and strengthening the dialogue with selected countries of Africa and Central Asia, as prioritized areas of SDC; (ii) strengthening the integration of WASH and water resources management in national policies to ensure the quality and availability of water and adaptation to climate change; and (iii) advocate at regional and global events for further uptake of lessons learned

³⁴ For doing so, coordination with the Bank's Social Sector (SCL), Energy Division (INE/ENE), the Environment, Rural Development and Disaster Risk Management Division (CCS/RND) and IDB-LAB.

³⁵ Details of the structure and components of the Facility can be seen in the [SDC Project Proposal Document](#) submitted and approved by SDC.

from successful rural WASH models through regional and global platforms/networks. This component will finance one individual subproject, a regional technical cooperation.

- 3.8 Component 2. Institutions and capacities: Creating an enabling rural WASH environment, including a focus on social components.** The main associated outcome of this component is to strengthen local to national WASH institutions and to improve the capacities, expertise, and networks of rural WASH actors in LAC. This component will focus on: (i) at country level, strengthening the articulation with actors at various levels of government (national, subnational, municipalities) and with other sectors, with emphasis in health departments; (ii) increasing the capacity building of rural WASH professionals and communities in LAC; and (iii) strengthening the actions in the countries to improve their rural WASH services by executing a series of demand-based actions to strengthen systems, such as monitoring platforms, solutions that increase resilience to the response of the rural WASH sector to COVID-19, and capacity building to put into place the new policy framework directed to rural WASH. This component will finance national and regional technical cooperation sub-projects on the following themes: (i) support public multi-sectorial WASH platforms, at the national, sub-national and/or local levels, in order to institutionalize and build ownership of best practices and approaches, and improve rural WASH policies and ensure coordination between public actors on shared objectives, including coordination on WASH sectorial policies; (ii) support public authorities in the set up and implementation of smart monitoring systems on rural WASH; (iii) dissemination of knowledge products within the WASH sector and other concerned sectors (health, agriculture, environment, education); (iv) support cross-sectoral exchange to align the different national policies and ensure exchange at various levels of government (local, subnational, national); (v) sharing good rural WASH practices and lessons learned with other countries and regions through south-south exchange (Caribbean, Africa, Central Asia) aiming at replication of successful rural WASH models by utilizing existing and new partnerships in targeted countries and providing targeted learning tools, including capacity building and technical assistance, by exchanges among sector entities and in collaboration with the AfDB and the ADB; (vi) improve technical assistance capacity of young rural WASH professionals through providing state-of-the-art training opportunities (University certificates, MOOCs) on innovative, cost-efficient technologies, innovative delivery models, O&M, sustainable financing aspects (tariff setting, full cost recovery, affordability), governance and social components (human rights approach, Leaving No One Behind (LNOB), water integrity principles, participatory management, sanitary education, behavior change); (vii) support public authorities and rural WASH professionals to prioritize and strengthen interventions with a focus on closing gaps in service provision, such as small towns, sanitation and behavior change; and (viii) reduce institutional fragility related to fluctuations of rural WASH staff by supporting public authorities to design and implement compensation mechanisms that better value the work of WASH professionals at local and regional levels in order to attract and keep experts in the rural WASH sector.
- 3.9 Component 3. Innovation: Promoting innovative rural WASH solutions.** The main associated outcome of this component is to support implementers of rural WASH services to develop, adopt and apply financial, technological, and social innovations, and will be strongly coordinated with the Bank's innovation work. This component focuses on engaging the private sector and innovating in financial tools³⁶ and technological solutions through technical assistance at regional and national levels, which includes studies and demonstrative projects to advance: (i) foster cross-sectoral and private sector participation to leverage new-more resources for rural WASH, promoting the scaling up and replication

³⁶ In line with recommendations of the DIA 2020 which calls for proactive policy to create financial instruments that then allow private investors (see Cavallo, et.al, 2020).

of innovative financing schemes such as the *Obras por Impuestos* scheme in Peru;³⁷ (ii) strengthen the effectiveness of rural WASH financing mechanisms, based on cost recovery principles that adequately value the service in rural areas, including supporting the enforcement of rural WASH policies; (iii) advocate for the creation of innovative incentives in the political and legal frameworks at national level to achieve effective upscaling and sustainable services, including south-south exchange leveraging on existing experience; and (iv) support the dissemination and uptake of innovative technological rural WASH solutions that respond to local conditions, including strengthening rural WASH engineering capacities, and improved technological norm setting.

- 3.10 **Component 4. SIRWASH Governance and Monitoring (RG-T3712):** This component will finance the expenses related to the management of the Facility itself, to ensure adequate project design, execution and monitoring. It will finance consulting services to carry out the evaluation of the Facility and its required audits, and the expenses related to the supervision and monitoring of the subprojects. However, the resources of the Facility may not supplement the budget of the IDB for routine and customary activities. This component will be financially managed through RG-T3712, which approval is being processed simultaneously in this document.
- 3.11 **Result Matrix.** An indicative Result Matrix of the SIRWASH is included below (SDC Results Framework). The Matrix is disaggregated according to its specific objectives.

Indicative Result Matrix

Goal: To improve enabling policy, innovation, and knowledge exchange environments and to foster the necessary capacities to deliver sustainable quality WASH services to rural communities with a particular focus on vulnerable and disadvantaged people			
Impact: Rural communities – in particular, poor households and vulnerable people - benefit from improved health and livelihoods through better access to sustainable water, sanitation, and hygiene (WASH) services			
Outcomes	Outcome Indicators	Outputs and Targets	Data Source
Intermediate Outcome: Authorities from local to global levels develop, promote, and apply improved rural WASH policies	<ul style="list-style-type: none"> * Policy dialogue: influence improvements in rural WASH policies in the countries (04 policies improved). * Presence of rural WASH boosted in global and regional fora (600 attendants). 	<ul style="list-style-type: none"> * 2 – 5 regional events targeting policy exchanges regionally and globally and seminars discussing specific rural WASH challenges such as affordability of services or policy reform * 1 – 2 Policy briefs analyzing the relationship between rural WASH and Water Resources Management (WRM) 	<ul style="list-style-type: none"> * Project Reporting and Monitoring Data * Attendance Reports of events * Publications

³⁷ *Obras por Impuestos* is the Peruvian law 29230, a modality of public investment with private sector engagement, so that private companies can direct their taxes to execute projects prioritized by the public government.

Intermediate Outcome: Local to national WASH institutions are strengthened and rural WASH actors improve their capacities, expertise, and networks	<ul style="list-style-type: none"> * Alliances established with partners to direct investments to rural WASH (16 partnership agreements implemented). * Increased financial flows to rural WASH (co-funding further leveraged). * WASH experts using the training tools directed to rural WASH services (300 users). * Local entities engage and are strengthened both in technical and social aspects to improve rural WASH (30 entities trained). 	<ul style="list-style-type: none"> * 4 – 5 national and regional monitoring systems strengthened through assessments or demonstrative projects * 4 – 6 knowledge products and guidelines developed in particular challenges of rural WASH including how COVID19 is influencing the services * 8 – 10 Best Practices Exchanges among sector entities in LAC and globally to learn from successful experiences * 15 – 20 training products developed for sectoral entities and rural communities * 1 – 2 Communities of practices strengthened in LAC and globally 	<ul style="list-style-type: none"> * Project Reporting and Monitoring Data * Publications * Specific reports
Intermediate Outcome: Implementers of rural WASH services develop, adopt, and apply financial, technological, and social innovations	<ul style="list-style-type: none"> * Innovation boosts the quality of rural WASH (04 innovative solutions are identified, mapped, piloted, and scaled). 	<ul style="list-style-type: none"> * 1 – 3 pilots on innovative approaches for rural WASH in selected countries * 1 – 4 hakathons on different aspects of innovation in LAC * 1 – 3 knowledge products documenting successful innovative solutions 	<ul style="list-style-type: none"> * Project Reporting and Monitoring Data * Publications

3.12 Budget. The total cost of the SIRWASH is US\$4,636,050. It is expected that the Swiss Agency for Development and International Cooperation (SDC) will commit US\$4,500,000 to this Facility. There will be an estimated in-kind counterpart contribution from the beneficiary governments of the region for a total of US\$136,050. These in-kind resources will consist of staff time, facilities for the development of workshops and events, and office space for staff and consultants supporting the design of the different products included in this Facility.

Indicative Budget (US\$)

Activity/Component	IDB/SDC	Counterpart Funding	Total Funding
Component 1. Policy	365,000	0	365,000
Component 2. Institutions and Capacities	2,768,456	103,300	2,871,756
Component 3. Innovation	735,544	32,750	768,294
Component 4. Project Administration (RG-T3712)			
SIRWASH Coordinator	306,000	0	306,000
Auditing and evaluation	50,000	0	50,000
Publications	50,000	0	50,000
Cost sharing fee (5%)	225,000	0	225,000
	631,000	0	631,000
Total³⁸	4,500,000	136,050	4,636,050

See detailed budget

3.13 Resources from SDC will be received through a Project Specific Grant (PSG). PSGs are administered by the Bank according to the “Report on COFABS, Ad-Hocs and CLFGS and a Proposal to Unify Them as Project Specific Grants (PSGs)” (Document SC-114). As contemplated in these procedures, the commitment by SDC will be established through

³⁸ A maximum of 3% will be directed to staff travel to participate in the activities of SIRWASH, not considering the required supervision actions that will be covered by the IDB's administrative costs.

a separate Administration Agreement. Under such agreement, resources for SIRWASH will be administered by the Bank, and the Bank will charge a non-refundable administration fee of 5% of the contribution, which is identified in the Facility's budget. The 5% administration fee will be charged upon the Bank's receipt of the contribution. The Bank will administer the Contribution in accordance with the Bank's applicable policies and procedures. The 5% administration fee will be charged upon the Bank's receipt of the contribution. Such administration fee will be distributed to the Bank's offices involved in the origination and execution of the grant to make-up for the costs associated with the administration and the execution of the contribution.

- 3.14 The resources of the Facility will be exclusively used to finance technical cooperation activities. Components 1, 2 and 3 of the Facility will finance technical cooperation subprojects, and the processing, approval and implementation of each individual subproject will be subject to IDB policies and procedures.

IV. Executing Agency and Execution Structure³⁹

- 4.1 **Execution Arrangements.** The Bank will act as the executing agency for the purpose of the administration of the Facility SIRWASH. The IDB will be responsible for the implementation and supervision of the SDC resources as a PSG contribution. The Bank will lead the implementation, programmatic oversight of the different activities, and coordinate bi-annual meetings with SDC to provide an overall assessment of the program's progress and results. The Bank will also prioritize and select the subprojects according to the criteria as shown in paragraph 3.1.
- 4.2 The technical cooperation activities to be financed by the Facility (Components 1, 2 and 3) may be executed by the Bank, the government counterparts or by eligible external executing agencies when agreed with the government counterparts in the selected countries.⁴⁰ For execution purposes, the IDB will sign non-reimbursable technical cooperation agreements with external partners when needed. All individual sub-projects will be non-reimbursable Technical Cooperation (TC) operations that will be processed, approved, and executed according to the Bank Policy on Technical Cooperation (GN-2470-2) and the Operational Guidelines for Technical Cooperation Products (GN-2629-1).
- 4.3 IDB's disbursement unit of SIRWASH will be INE/WSA. The technical responsibility for the Facility will be assigned to the Team Leader from the Water and Sanitation Division (INE/WSA). Facility resources are expected to be executed during a period of four years upon the approval of the Facility.
- 4.4 A steering committee for LAC will be formed jointly with the IDB, SDC, and the corresponding counterparts in each of the beneficiary country, including a representative from the Ministry of Environment and Water (MMAyA) of Bolivia; a representative of Funasa, the National Foundation of Health, from the Ministry of Health in Brazil, a representative from the Dinepa, the National Director of Water and Sanitation, under the National Directorate for Water Supply and Sanitation in the Ministry of Public Works in Haiti, and a representative from the Rural National Water and Sanitation Program (PNSR) from the Ministry of Housing, Construction and Sanitation of Peru.⁴¹ The Steering Committee for LAC will meet twice a year and will approve the annual work plan and discuss the progress and bottlenecks in the implementation process. It will also receive progress reports yearly. A Steering Committee for south-south cooperation will be formed jointly by the IDB, SDC,

³⁹ Details of the structure of SIRWASH can be seen at the SDC's Project Proposal Document submitted and approved by SDC.

⁴⁰ It can be expected external agencies will be executing agencies for demonstrative projects and pilots.

⁴¹ Currently only these 4 countries are part of the steering committee. The committee will be expanded with additional partners as activities of SIRWASH advance.

and representatives of the Asian Development Bank and the African Development Bank. This committee will meet once a year and will agree strategically on the actions related to south-south cooperation. In addition, a partners committee will be formed with all partners included in the execution of SIRWASH, including SDC. This committee will meet once a year in a global event or virtually, to discuss progress, identify additional collaborations, sign agreements, and review future plans and discuss the issues promoted by SIRWASH.

- 4.5 The Bank will be responsible for the preparation and submission to the donor of all execution reports in compliance with the stipulation of the Administration Agreement. If at the end of project execution, the Facility is closed with a positive uncommitted and unspent balance, the team will be responsible for requesting ORP/GCM to transfer the unspent balance to the donor, pursuant to the terms of the PSG Administration Agreement.⁴²
- 4.6 During the execution period of the Facility, the Bank will submit to SDC, by no later than April 30 of every year, an annual report of the Facility, describing: (i) the progress of the SIRWASH during the preceding year; and (ii) the financial report of the contribution as of December 31st of the preceding year. Within six months after the completion of the Facility, the IDB will submit to SDC: (i) a Final Project Report, including an overview of the expenditures incurred for the implementation of SIRWASH and the funds allocated to such expenditures (financial report); and (ii) an operation and progress report of the Facility (narrative report).
- 4.7 **Procurement:** The activities to be executed are included in the Procurement Plan and will be contracted in accordance with Bank policies and procedures.⁴³
- 4.8 **Financial Management Aspects:** The IDB holds full fiduciary responsibility and accountability for the receipt, custody, and disbursement of the SDC contribution. The IDB rules and regulations apply for the award of contracts for the activities of this Facility. The identification, preparation, appraisal, approval, disbursement of resources, execution, cancellation, termination and supervision of eligible activities financed through SIRWASH, as well as the selection, recruitment, remuneration and supervision of consultants, contractors and/or suppliers hired for such activities, are carried out by the IDB, in accordance with IDB's applicable policies and procedures. Financial Management matters will be conducted according to the Financial Management Guidelines for IDB-financed projects (OP-273-6).

V. Major Issues

- 5.1 Program risks are associated with public management and governance risks, and they include:

Risk	Level of risk	Mitigating Action
The governments and sector entities give less priority to the program due to the COVID-19 pandemic, which does not permit the proper implementation of activities	Medium - Low	WASH, including hygiene, is at the core of the response of the Covid19 pandemic. In addition, activities have been included to deal with the pandemic and post-pandemic effects, that will be prioritized in the work plan.

⁴² All PSG Administration Agreements include provisions for the use of any unspent balances.

⁴³ (a) AM-650 for Individual consultants; (b) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and the Workforce Policy Complementary (AM-650); and (c) GN-2303-28 for logistics and other related services, if required, when the Bank is the executing agency. When a TC to be financed with this Project is recipient executed, the "Policies for the Procurement of Goods and Works financed by the IDB" (GN-2349-15) and the "Policies for the Selection and Contracting Consultants financed by the IDB" (GN-2350-15) will be applicable.

Insufficient political commitment to pass new regulations or sector reforms as well as WASH platforms (etc.).	Medium - Low	The proposal includes activities such as policy dialogue events, knowledge exchanges, demonstrative studies and specific activities supporting WASH platforms at the national, sub-national and/or local levels.
Lack of institutional and financial capacity at the national, sub-national and/or local levels to assume the commitments of time and staff for maintaining and feeding the platforms and monitoring progress.	Medium	Capacity development is anticipated in elaborating SIRWASH. The agencies will be engaged in the capacity building process and any issues around capacity will be addressed.
Many different/divergent stakeholder interests may prevent efficient consensual decision-making and hinder project execution.	Low	Identification of the appropriate government agencies (particularly at the local level), implementing partners and project implementation arrangements prior to project inception to ensure buy-in and alignment.
Stakeholders not being properly engaged in the process.	Low to Medium	The proposal includes activities to encourage policy dialogue (south-south cooperation) and workshops and several committees too.

VI. Exceptions to Bank Policy

6.1 This Facility does not present any exceptions to Bank policies.

VII. Environmental and Social Strategy

7.1 In accordance with the guidelines of the Policy Environment and Safeguards Compliance Policy (OP-703) the proposed operation was classified as Category "C" (see [SPF](#) & [SSF](#)). No potential negative environmental and/or social impacts of the SIRWASH were identified and therefore no mitigation strategy is required to address any impact.